

Town of Granum

Dissolution Study

August, 2001



What is municipal dissolution?

Dissolution is the process under the province's Municipal Government Act that occurs when a municipality relinquishes its legal status as an independent, incorporated municipality to become a part of the adjacent rural municipality.

Granum is an incorporated municipality, which means that within its defined boundaries, the town has the power to pass bylaws, the responsibility to provide services to residents, and the authority to collect taxes to support those services. If Granum were to dissolve, it would no longer be a municipality, but rather would become a hamlet in the Municipal District of Willow Creek No. 26 (MD). The MD would then be responsible for providing municipal services, administration and governance to the residents of Granum in addition to the population that it already serves.

What is a dissolution study?

The dissolution study process includes writing a report explaining what you could expect to happen if your municipality was to dissolve.

The dissolution study looks at the municipal functions, services, financial situation and community issues in the town. The study looks at the MD and compares how it provides services to MD residents and how it would provide them if the town was dissolved. The study also attempts to capture how the sense of community would change.

Although there are similarities in the basic information that is examined in all of the dissolution studies that have been produced for municipalities across the province in recent years, the Town of Granum has proven to be unique in some regards. Special attention was

given to reflect the strong sense of community within this town. This report attempts to capture the unique community character of Granum as imparted by the council and volunteers on behalf of its residents.

The areas that are examined in this report include the changes that could be expected to service levels, council representation, municipal finances, and how the community would change if Granum were to become a part of the MD of Willow Creek.

The dissolution study provides information for local residents and the Minister of Municipal Affairs to help make informed choices on whether or not to recommend dissolution.

To obtain the information for this dissolution study, staff from Municipal Affairs consulted with the council and administration of both the town and the MD, and with some of the residents from the area.

Why consider dissolution?

A petition to conduct a dissolution study was circulated in the town and submitted to the Minister of Municipal Affairs. Although some residents have expressed concern about the manner in which signatures were collected, the petition was officially deemed to be sufficient. The Minister then initiated a dissolution study as is required under section 130 (2) of the Municipal Government Act.

What is the present situation in Granum?

The Town of Granum is primarily a service centre for the region's largely agricultural population. Granum filled this role even before incorporation as a village on July 12, 1904.

Many services are available in Granum, such as postal services, banking and automotive fuel. In addition there is the Granview Park campground, the Drop-In Centre, the Y2000 Recreation Centre, Blunden Hall, a golf course, a hotel, restaurants, a computer company and an Agrium fertilizer dealer. Several other recreational facilities, a seniors' lodge, and a kindergarten-to-grade-nine school, are also located in Granum.

In 2000, the town conducted a municipal census, reporting a population of 379. This was an increase of over twelve percent from the population of 337 reported in the 1996 Federal Census.

Council members remember a time when Granum had as many as 15 homes for sale. Recently there have been fewer homes for sale, which is seen as a sign of stability in the community.

Five elected councillors govern the town. In 2000, the council restored the level of administrative service to its residents to earlier levels by hiring a full-time administrator to replace the former part-time contract administrator. There are also three other staff positions: a clerk/secretary, and two public works employees. Students are also hired through the STEP program during the summer months.

The municipal services provided by Granum's administration are typical of services provided by other small towns and villages in the province. A defining characteristic of Granum is the level of commitment made by many residents of both the town and surrounding rural area to maintaining the strength of the community. Residents are active in numerous community groups that provide services and programs in Granum. Representatives of many of these groups were very helpful in collecting information for this report. Council is also involved in many of these volunteer groups.

What is the financial situation in Granum?

Note: This financial information is derived from the Town of Granum's audited 2000 municipal financial statements.

Granum's financial situation, while having been under pressure in the past, is showing signs of achieving a stronger financial base recently. A business plan adopted by council was implemented a number of years ago. Council is happy to report that the benefits of the plan will be fully realized this year. Part of the plan was to reduce overall debt. In 1998, the town retired two debentures early, which removed 53.6 percent of the debenture repayment costs from the tax burden. Total debt was reduced from \$527,605 in 1995 to \$215,019 at the end of 2000. Council is continuing to develop a new three-year business plan, which will help guide Granum into the future.

The total taxable property assessment base for Granum is \$10,763,240 for 2001. This is an increase of 8.7 percent from the \$9,905,120 assessment base in 2000. Some of this increase is due to the addition of some newer residential properties onto the assessment roll that were previously exempt, and some is related to increases in market values. In 2001, the province conducted a detailed audit of Granum's assessment using a new reporting format. The report endorsed the accuracy of Granum's assessment.

The combined municipal and school property tax rate for residential properties in Granum was 28.3654 mills in 1998, 27.1356 in 1999 and 27.2493 in 2000. Council was proud to approve a combined 2001 tax rate of 19.1438 mills for residential properties. This is a decrease of 30 percent from last year's tax rate. This 2001 rate also includes the costs of debt servicing, which had been separately itemized as an additional 4.2 mills on the 2000 tax notifications.

Tables at the end of this report show what owners of three sample properties in Granum will pay to the town for property taxes in 2001, and how much they could have expected to pay if they had been a part of the MD of Willow Creek in 2001.

At the end of 2000, Granum had cash and investments totaling \$279,467, which includes \$115,067 in reserves. This money is partly needed to cover the town's operational costs from January 1 until property taxes are paid later in the year, and is partly set aside for future capital projects. When considering that Granum's 2001 budget anticipates expenditures of \$739,467, the level of cash and investments is appropriate. At the same time the MD had \$4,991,311 in cash and temporary investments, which includes \$4,090,420 in reserves.

At the end of 2000, the town had two outstanding debentures. The first debenture had an outstanding balance of \$90,281. This is related to the construction of a sewage lagoon and lift station in 1981. The second debenture had an outstanding balance of \$112,899 and is related to the upgrading of the water plant distribution facilities in 1994. The payments to service these debentures add up to \$40,234 in 2001, accounting for 3.5 mills of the municipal tax rate.

These two debentures will be completely paid off in 2006 and 2010.

How does the MD service hamlets?

Municipal districts generally do not provide the same services as towns. Typically, a larger part of an MD's budget is spent on roadways. Few rural residents have access to typical urban services such as garbage collection and water and sewer services.

The MD of Willow Creek provides services in the hamlets of Parkland and Orton, and to Moon

River Estates. In these hamlets the MD maintains roadways, clears snow and maintains public lands. The MD recently assumed the operation of the water system in Moon River Estates and has entered into a contract with a licensed operator from Lethbridge to maintain the Moon River system.

The MD could provide services in Granum by making some changes to its organization. For instance, the MD would consider expanding the duties under the water contract to take care of the Granum and Moon River systems. Also, if dissolution were to occur, the MD administrator anticipates hiring additional office staff, partly to assist with Granum.

What would change if Granum dissolves?

Municipal Taxes: If Granum dissolves, residents would be taxed at the MD's tax rate. The MD of Willow Creek's 2001 combined tax rate for residential properties is approximately 13 percent less than Granum's.

A special levy has been included in the MD's tax rate for the comparison because dissolution would not remove the obligation of Granum's residents to pay off the town's existing debts. The MD would include this special levy of about 3.5 mills to the hamlet of Granum's property taxes for debt repayment.

For a detailed breakdown of the 2001 residential tax comparison, see Table 1 on page 9. Also, a comparison of 2001 tax rates for non-residential properties has been included in Table 2, on page 10.

Council representation: If dissolved, Granum would become part of Division Two in the MD of Willow Creek. The Division Two councillor would represent Granum residents, as well as residents from the rest of Division Two. This councillor is one of seven on the MD council, all

of whom would be bringing forward their area's interests and priorities.

The current town council devotes a great deal of time and effort to working with boards and committees in the community. If the town dissolved, there would no longer be five councillors solely committed to the community activities of Granum. The MD council would likely have less direct involvement with these groups.

Town office: If the town were to dissolve, municipal administrative services would be provided from the MD's office in Claresholm. If residents need to apply for development permits or want to attend MD council meetings, they would have to travel to Claresholm. Likewise, meetings of the Municipal Planning Commission, Subdivision and Development Appeal Board, and Assessment Review Board would normally be held in Claresholm. Granum would no longer have five elected officials locally available or administrative services available in town. The municipal office would be closed and ownership of the building would be transferred to the MD.

Businesses in town: If Granum dissolved, the town's accounts at the Treasury Branch in Granum would be closed, the mail-outs done by the town through Granum's post office would not continue, and other general purchases would not be made at local businesses such as Johnson's Petroleum. Council is concerned that the loss of the business generated by town operations would be detrimental to the viability of these commercial services.

Assets and liabilities: Town assets and liabilities would be transferred to the MD. This would include all remaining cash that the town has at the time of dissolution and properties such as the town office, Blunden Hall, the Y2000 recreation centre, town-owned residential lots, the golf course and park, and all equipment owned by the town. Any physical assets not required by the MD to continue providing services would be sold or turned over to Granum's community groups. However, any revenues from the sale of

town assets before 2005 would have to be held in a reserve fund that could only be used for the benefit of Granum residents.

Some volunteers in the community are concerned that the MD might not maintain community assets, such as the fire department, parks, or recreation facilities, to the same standard that the town presently does.

Blunden Hall: In 2001, the town has budgeted for a net cost of \$8,460 to operate the hall, which includes part-time janitorial services. The town provides a great deal of care and attention to keeping this valued community asset operating and available for service to residents of Granum and the surrounding region.

The Community Hall Board currently operates the hall. The MD of Willow Creek owns two halls, one in Parkland and one at Clear Lake Park. If Granum were dissolved, they would like to continue the town's arrangement with the Community Hall Board to operate the facility, with a goal of making the facility as self-sufficient as possible.

FCSS: Family and Community Support Services are the provincial government supported social programs that are operated locally by a municipality. In Granum, the town offers these programs through the Drop In Centre. The MD of Willow Creek does not currently have an FCSS program, but is in discussions with the province to establish it's own program. Once the MD's program is established, it's funding would be used to support existing FCSS programs in the urban centres within the MD's boundaries, such as Granum, Claresholm and Fort Macleod. If Granum dissolved, the MD would continue operating the existing FCSS programs in Granum for as long as the local committee is willing to work with the MD to provide these services.

Town debt: Granum residents would continue to be responsible for paying off the town's current debts. Granum is now paying two debentures. The MD would introduce a special

levy on property taxes in Granum until all of the debt is gone in 2010. The special levy would initially be approximately 3.5 mills.

Public works: Granum's public works personnel provide various services, including the clearance of snow from public streets in the winter, maintenance and repairs of streets and sidewalks, grass cutting in parks and public areas, the upkeep of all publicly owned facilities, and operation and maintenance of the town's utilities. Following dissolution, MD staff would provide these services in Granum.

However, the Granum town council is concerned that the MD does not have expertise in all these areas and that the MD would include some additional costs to Granum residents for these services. The MD council has not indicated any plans for implementing these types of service charges.

Water and sewer rates: Granum charges a base rate of \$55 per month for water, sewer and garbage collection services. This rate has not changed for over five years.

On top of this base charge, those residents who have had water meters installed on their properties are charged an additional consumption rate of 30 cents per cubic metre for all water used above a base amount of 22.73 cubic metres. The town has had a bylaw in place for some time requiring all new developments to install water meters.

The MD has recently taken over operation of the water system in Moon River Estates. While the MD has always owned the physical assets of the system, the operations had been previously handled by a water co-op.

If the town were to dissolve, the MD would maintain utility rates in Granum at their current levels until service levels and rates can be reviewed. Rates would be set at a level to ensure that utilities are self-supporting.

An immediate change that residents of Granum would see is that utilities would be billed

quarterly by the MD as opposed to the town's monthly billing.

Garbage collection: The town provides a weekly door-to-door garbage collection service. The \$10.95 monthly fee for this service is included in the town's utility bill. This service is provided by a town employee who also works as the part-time caretaker for Blunden Hall.

The MD would continue to provide a weekly garbage collection service, but would likely use the services of a private contractor. The cost of this service would be included in the MD's quarterly utility bill.

Electrical power utility: The electricity purchased by the town for town-owned facilities is purchased through a group aggregation plan that was negotiated by the Alberta Urban Municipalities Association (AUMA) on behalf of participating members. Under this agreement rates are locked in for the Town of Granum at the same rates paid by other municipalities such as Calgary and Edmonton. As the MD is not a member of the AUMA, they would not be able to buy electricity through this agreement for Granum's facilities if the town were to dissolve.

Municipal planning: All plans in force in Granum at the time of dissolution, including the Land Use Bylaw, would remain in effect in Granum until such time as the MD council chose to amend or repeal them. These sorts of changes would likely only take place in situations where the plans or the enforcement required by the plans differs greatly from corresponding plans in the MD.

The town council acts as the Municipal Planning Commission (MPC) in Granum. As the MD's planning authority would not be locally based, the town council is concerned the MPC might not share the same concerns as residents of Granum. Therefore there might be less understanding of Granum's planning-related issues. Development and building permits would have to be applied for at the MD office in Claresholm.

The town is a member of a joint Subdivision and Development Appeal Board (SDAB) along with Claresholm, Fort Macleod and Stavely. If Granum dissolves, residents would have to take their appeals to the MD's SDAB in Claresholm.

Library: The Granum Library Board operates the library. The building that housing the library is leased by the town from the province.

For 2001, the town has budgeted for a grant of \$4,000 to the Library Board and also plans to spend an additional \$1,989 for membership in the Chinook Arch Regional Library, and repairs, maintenance and insurance for the library. The Granum Library Board also budgeted for a \$6,400 grant from the MD. The total projected budget for the library in 2001 is \$19,976. If Granum dissolved, the MD would continue to support the library and its membership in the Chinook Arch Regional Library system.

Cemetery: The town operates a cemetery located northwest of Granum. The MD's staff would maintain all cemetery records, sell plots, maintain the grounds, and carry out grave openings and closings. The town council has concern over the level of commitment the MD may have if it were to take over this service.

What would remain the same if Granum dissolves?

Water and sewer services: The MD would provide water and sewer services to Granum residents. There would be no disruption in the service due to dissolution. In the future, Granum residents will be required to pay the full costs for repairs or improvements to their utilities. This will be true whether the community remains a town or whether it becomes part of the MD. Provincial legislation requires licensed operators for all municipal water systems. The MD believes that it could gain some efficiency by expanding the duties of

it's current operator to include Granum's systems. Town council has expressed concern about whether or not the MD could provide prompt response to emergencies in Granum.

Gas utility: There would be no change to this service. Natural gas is supplied in Granum by ATCO and this service would not be affected by a change in municipal status.

Electrical power utility: EPCOR Electric provides electricity to homes and businesses in Granum and this service would continue whether or not the town dissolves.

Streets: After dissolution, the MD would be responsible for clearing snow from Granum's roadways in winter and for providing repairs and maintenance in the summer. The MD would review the needs of Granum and establish standards for these services. However, the town council is not optimistic that the MD would provide these services at the same standard as now enjoyed by residents.

Fire department: Granum is presently served by a volunteer fire department that is a good example of successful inter-municipal cooperation. Because the town's fire department also responds to rural fires, the MD contributes financial support and equipment to the Granum fire department.

The town spent over \$21,000 for fire protection services in 2000 and has budgeted over \$22,000 for 2001. The town owns the fire hall and provides for administration, utilities and the 911 service. The town contributes equipment and is responsible for repairs, maintenance and insurance. In 2000, the MD paid approximately \$8,000 for call-out fees and provided about \$19,500 for equipment and training.

Some volunteer fire fighters are concerned about the MD's intent regarding the continuation of the fire department. However, if the town dissolved, the MD council is committed to maintaining a fire department in Granum.

Ambulance: Ambulance service is currently provided to residents of Granum by Fort Macleod Emergency Medical Services, while residents of the MD around Granum receive ambulance coverage from Chinook Emergency Services, responding from Claresholm. If Granum dissolves, ambulance service would continue to be available to residents in Granum. The MD would only change service providers from Fort Macleod EMS to Chinook Emergency Services if neither response times nor service costs would increase.

Community school: For many residents, the Granum school is a focal point of the community and a source of local pride. The school serves students from kindergarten to grade nine. The school offers "Fresh Start" and "Multi-Aging" programs, which are unique in the area and attract students from other communities and new residents to Granum.

The Granum council worked with the principal of the Granum School, the administration of the Livingstone Range School Division, and MD Councillor David Claypool to help develop the proposal for a community school in Granum.

The \$2.9 million project was approved in June 2001. The plan includes opportunities for joint-use school and community facilities such as a joint municipal-school library or a gymnasium/auditorium designed to serve both school needs and community functions.

Community organizations: There are several boards, committees and organizations that deliver various programs or operate particular facilities in Granum.

Members of town council participate as members of these organizations and they feel that members of the MD council would not have the same level of commitment to these organizations if Granum dissolved. A number of board and committee members have declared that they will resign their positions if Granum loses town status.

The Granum Gospel Music Festival: The annual festival receives non-financial support from the town as well as support from volunteer groups in the community. The town allows use of the park for the event as well as the hall for fund raising. The MD would provide a similar level of support to this event as the town currently does.

Bylaws: Any bylaws currently in place in Granum would remain in force until repealed or amended by the MD council. The MD would consult with Granum residents before changing or repealing any existing bylaws that would have a major impact. Despite this commitment, town council members believe that consultation by the MD would only occur to the extent required by legislation.

What would happen if the town does not dissolve?

The town would continue to carry out its responsibility of providing governance in Granum.

In six years, the town will have paid off one of the existing debentures, and in ten years, the other. When these debts are gone, so are the costs associated with repaying them.

The town council has achieved the goals of its three-year business plan and feels that Granum is now a vibrant community that will continue to grow. Council is working on a new three year business plan that would help to guide Granum into the future. The residents of Granum have a high level of civic pride and have demonstrated a willingness and ability to contribute to many activities in the community through a strong volunteer commitment.

What happens next?

- A **public meeting** to discuss the information in the dissolution study is scheduled for **September 10, 2001**, from 7 to 10 p.m. at Blunden Hall in Granum. All town residents are encouraged to attend. Officials from Alberta Municipal Affairs, the town and the MD will be available to discuss the report and answer your questions.
- A **vote** will be held at Blunden Hall on **September 13, 2001**, from 10 a.m. to 8 p.m.
- The **question** on the ballot will be:
"Do you wish the Town of Granum to dissolve and become part of the Municipal District of Willow Creek No. 26?"

The vote will be run by Alberta Municipal Affairs in accordance with the Local Authorities Election Act.

- The Minister of Municipal Affairs, in making his decision on whether or not to recommend dissolving the Town of Granum, will consider this report, the issues raised at the public meetings, the views of the Granum council and the MD council, and the results of the vote.
- If the Minister recommends dissolution and Cabinet agrees, the present town council and administration would work with the MD of Willow Creek to wind up the town's affairs by the recommended dissolution date of December 31, 2001.

For further information, contact:

Chris Belke or **Terry Brown** of Alberta Municipal Affairs, by dialing 310-0000 (toll free) and entering 427-2523, or

Mayor Larry DeMaere or the Town office at 687-3822.

Table 1
Granum Residential Tax Comparison
2001 Municipal and School Taxes

This table considers three actual residential properties in Granum. The 2001 town rates of taxation are applied to the 2001 assessments for these properties. The resulting taxes that have been levied on these properties are then compared to the taxes that would have been levied on these properties if the MD's 2001 tax rates were applied, as if Granum were part of the MD of Willow Creek in 2001.

If Granum were part of the MD in 2001, the total residential tax bill would be about **13 percent lower**.

<u>Residential Tax Rates 2001</u>	<u>Granum</u>	<u>MD of Willow Creek</u>	<u>% Difference</u>
Municipal	14.0000	7.69	-45.1%
School Tax	4.7757	5.111	+ 7.0%
Willow Creek Foundation	<u>0.3681</u>	<u>0.335</u>	-9.0%
TOTAL	19.1438	13.136	-31.4%

IF GRANUM REMAINED A TOWN:

<u>Town of Granum</u>	<u>Assessment</u>		<u>Tax Rate</u>		<u>Granum Taxes</u>
Residence 1	\$33,740	x	19.1438 mills	x 0.001	= \$ 646
Residence 2	\$68,750	x	19.1438 mills	x 0.001	= \$ 1,316
Residence 3	\$132,020	x	19.1438 mills	x 0.001	= \$ 2,527

IF GRANUM DISSOLVES:

<u>MD of Willow Creek</u>	<u>Assessment</u>		<u>MD's Tax Rate</u>	<u>Levy for Debt</u>		<u>Willow Creek Taxes</u>
Residence 1	\$33,740	x	(13.136 mills	+ 3.5 mills)	x 0.001	= \$ 561
Residence 2	\$68,750	x	(13.136 mills	+ 3.5 mills)	x 0.001	= \$ 1,144
Residence 3	\$132,020	x	(13.136 mills	+ 3.5 mills)	x 0.001	= \$ 2,196

<u>Total Reduction in 2001 Taxes</u>	<u>Reduction if Granum had been a part of the MD of Willow Creek in 2001</u>	<u>Percent Reduction</u>
Residence 1	\$ 85	- 13.2%
Residence 2	\$ 172	- 13.1%
Residence 3	\$ 331	- 13.1%

NOTE: While this table shows the savings that could be seen for representative residential properties in Granum if the town were to dissolve, property taxes may not be the only financial cost associated with living in Granum that would change. Utility rates could change, and additional fees may be considered for services that Granum now provides to residents that the MD does not. These factors would all have an effect on the overall cost of living in Granum.

Table 2
Granum Non-Residential Tax Comparison
2001 Municipal and School Taxes

This table considers two actual non-residential properties in Granum. The 2001 town rates of taxation are applied to the 2001 assessments for these properties. The resulting taxes that would have been levied on these properties by the town are then compared to the taxes that would have been levied on these properties if the MD's tax rates were applied, as would have been done if Granum were part of the MD of Willow Creek in 2001.

If Granum were part of the MD in 2001 the total non-residential tax bill would be about **19 percent lower**.

<u>Non-Residential Tax Rates</u>	<u>Granum</u>	<u>Willow Creek</u>	<u>% Difference</u>
Municipal	16.0000	10.04	-37.3%
School Tax	9.0120	6.526	-27.6%
Willow Creek Foundation	<u>0.3681</u>	<u>0.335</u>	- 9.0%
TOTAL	25.3801	16.901	-33.4%

IF GRANUM REMAINED A TOWN:

<u>Town of Granum</u>	<u>Assessment</u>		<u>Tax Rate</u>		<u>Granum Taxes</u>
Property 1	\$24,410	x	25.3801 mills	x 0.001	= \$ 620
Property 2	\$117,590	x	25.3801 mills	x 0.001	= \$ 2,984

IF GRANUM DISSOLVES:

<u>MD of Willow Creek</u>	<u>Assessment</u>		<u>MD's Tax Rate</u>	<u>Levy for Debt</u>		<u>Willow Creek Taxes</u>
Property 1	\$24,410	x	(16.901 mills + 3.5 mills)	x 0.001	= \$	498
Property 2	\$117,590	x	(16.901 mills + 3.5 mills)	x 0.001	= \$	2,399

<u>Total Reduction in 2001 Taxes</u>	<u>Reduction if Granum had been a part of the MD of Willow Creek in 2001</u>	<u>Percent Reduction</u>
Property 1	\$ 122	- 19.7%
Property 2	\$ 585	- 19.6%

NOTE: While this table shows the savings that could be seen for representative properties in Granum if the town were to dissolve, property taxes may not be the only financial cost associated with owning property in Granum that would change. Utility rates could change, and additional fees may be considered for services that Granum now provides to property owners that the MD does not. These factors would all have an effect on the overall cost to property owners in Granum.